

Message Text

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TO SECSTATE WASHDC 1742

AMEMBASSY MOSCOW

C O N F I D E N T I A L SECTION 1 OF 2 USNATO 2632

E.O. 11652: GDS

TAGS: ECON, EEWT, UR, NATO

SUBJECT: ECONADS: SOVIET VIEW ON DETENTE AND TRADE

1. CANADIAN ECONAD CIRCULATED PAPER IN ECONOMIC COMMITTEE ON SOVIET VIEW ON DETENTE AND TRADE, WITH REQUEST FOR COMMENTS FROM OTHER DELEGATIONS.

2. MISSION WOULD APPRECIATE WASHINGTON AND EMB MOSCOW COMMENTS ON PAPER, TEXT OF WHICH FOLLOWS:

QUOTE:

SOVIET VIEW ON DETENTE AND TRADE

WE HAVE CIRCULATED AN ATTICLE WHICH APPEARED IN SOVETSKAYA ROSSIA ON MARCH 27, THAT SETS OUT CURRENT SOVIET THINKING ON THE INTERRELATION BETWEEN DETENTE AND TRADE. THE ARTICLE EMPHASIZES THAT, WHILE RELAXATION OF TENSIONS PROVIDES A BASIS FOR INCREASED TRADE, AT THE SAME TIME, TRADE PROMOTES DETENTE BY CREATING A BROAD AREA OF CO-OPERATION. THE ARTICLE SUGGESTS THAT THE BEST WAY FOR TRADE TO BE DEVELOPED WITH CAPITALIST COUNTRIES IS THROUGH SUCH AGREEMENTS
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AS THE LONG-TERM PLAN FOR ECONOMIC, INDUSTRIAL AND TECHNICAL CO-OPERATION WITH THE FEDERAL REPUBLIC OF GERMANY OR THE ECONOMIC EXCHANGE AGREEMENT RECENTLY CONCLUDED WITH THE UNITED KINGDOM. SUCH AGREEMENTS MAKE IT POSSIBLE BOTH TO

PLAN STABLE LONG-TERM PROJECTS, AND ALSO TO POOL THE EFFORTS OF MANY FIRMS. THE ARTICLE SUGGESTS THAT ECONOMIC CO-OPERATION WITH THE SOVIET UNION IS ADVANTAGEOUS TO WESTERN COUNTRIES, AND PARTICULARLY TO THEIR WORKING POPULATION STRUGGLING IN THE TOILS OF THE WESTERN ECONOMIC CRISIS. THE ARTICLE EMPHASIZES, HOWEVER, THAT ECONOMIC CO-OPERATION HAS TO BE ON THE BASIS OF EQUALITY AND ACCEPTANCE OF DIFFERING IDEOLOGICAL POINTS OF VIEW. IT STATES THAT AMERICAN TRADE WITH THE SOVIET UNION HAS SUFFERED BECAUSE OF THE PASSAGE OF THE JACKSON AMENDMENT TO THE USA TRADE BILL BY CONGRESS.

THE ARTICLE IS A GOOD REFLEXION OF OTHER SOVIET COMMENTS ON TRADE WITH THE WEST. LATELY THERE HAS BEEN A TENDENCY TO LINK THE IDEAS OF DETENTE AND CO-OPERATION AND TO EMPHASIZE THAT THESE ARE MUTUALLY REINFORCING. AS A CONCESSION TO THE IDEOLOGISTS, INCREASED TRADE WITH THE WEST IS DEFENDED ON THE BASIS THAT IT WILL HELP THE WESTERN WORKING CLASS IN ITS PRESENT ECONOMIC DIFFICULTIES, WHILE DETENTE WILL FACILITATE THE SPREAD OF THE IDEAS OF SOCIAL CHANGE.

DETENTE AND TRADE
VICTOR SOLDATOV

IT IS DIFFICULT NOW TO FIND A BIG WESTERN FIRM WHOSE REPRESENTATIVES HAVE NOT ESTABLISHED CONTACTS WITH OUR FOREIGN TRADE ORGANISATIONS OR WOULD NOT STRIVE TO DO SO.

ECONOMIC RELATIONS BETWEEN THE SOVIET UNION AND OTHER SOCIALIST COUNTRIES, ON THE ONE HAND, AND THE WEST, ON THE OTHER, HAVE CONSIDERABLY EXTENDED OVER THE PAST FEW YEARS. MANY THINGS HAVE CONTRIBUTED TO THIS, BUT MOSTLY THE DEEPENING PROCESS OF INTERNATIONAL DETENTE WHICH IS NOW AN IMPORTANT FACTOR OF WORLD POLITICS. WHEN STATESMEN SIT DOWN AT A CONFERENCE TABLE MORE OFTEN, WHEN COUNTRIES CONCLUDE MORE AGREEMENTS THAT REGULATE RELATIONS AMONG THEM ON THE BASIS OF THE PRINCIPLE OF PEACEFUL COEXISTENCE, AND WHEN SUCH JOINT ACTIONS ARE TAKEN AS THE CONFERENCE ON SECURITY AND COOPERATION IN EUROPE, A NEW STIMULUS IS BEING CREATED ALSO FOR CONFIDENTIAL

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ECONOMIC EXCHANGE.

SECURITY CANNOT BE SEPARATED FROM COOPERATION; THEY ARE CLOSELY CONNECTED. THE LESSENING OF THE DANGER OF THERMONUCLEAR WAR, OBJECTIVE POSSIBILITIES AND THE URGENT NECESSITY OF CREATING AN EDIFICE OF PEACE CREATE CONDITIONS FOR BROADENING CONTACTS IN ALL SPHERES OF ACTIVITY AND MEET THE HIGHEST INTERESTS OF MANKIND.

AT THE SAME TIME, TRADE PLAYS AN OUTSTANDING, IF NOT THE PRIMARY ROLE IN THE PROCESS OF DEVELOPING COOPERATION. IN OUR EPOCH OF INTERNATIONAL DIVISION OF LABOUR AND INTERNATIONALISATION OF THE ECONOMY, TRADE IS EVER MORE BECOMING

AN INSTRUMENT FOR DEVELOPING GOOD-NEIGHBOURLY RELATIONS (NOT INFLUENCED BY DISTANCES NOW) AND A RELIABLE SOURCE OF MUTUAL ADVANTAGES. JUST AS OTHER INTER-STATE CONTACTS, TRADE PROMOTES THE CREATION OF A BROAD NETWORK A COMPLEX OF AREAS OF COOPERATION, OF WHAT ECONOMISTS CALL THE INFRASTRUCTURE.

MUCH HAS BEEN DONE OF LATE IN DEVELOPING THESE RELATIONS BY THE LEADERS OF THE SOVIET UNION AND SUCH COUNTRIES AS FRANCE, THE FEDERAL REPUBLIC OF GERMANY, GREAT BRITAIN AND OTHERS. SUMMIT MEETINGS RESULTED IN THE CONCLUSION OF AGREEMENTS WHICH PROVIDED FOR A CONSIDERABLE GROWTH IN TRADE, FOR MUTUAL CREDITS AND NEW FORMS OF EXCHANGE.

DURING THEIR MEETING AT THE END OF LAST YEAR GENERAL SECRETARY OF THE CPSU CENTRAL COMMITTEE L.I. BREZHNEV, AND PRESIDENT GISCARD D'ESTAING REACHED AN UNDERSTANDING ON DOUBLING THE TRADE EXCHANGE BETWEEN THE USSR AND FRANCE IN THE COMING FIVE-YEAR PERIOD AND ON NECESSARY MEASURES TO TREBLE IT.

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AMEMBASSY MOSCOW

C O N F I D E N T I A L SECTION 2 OF 2 USNATO 2632

A TRANSITION FROM ORDINARY FORMS OF COOPERATION, WHICH HAVE LONG BEEN PRACTISED, TO NEW, MORE PROFOUND RELATIONS THAT BETTER MEET THE DEMANDS OF THE TIME IS ALSO TAKING PLACE IN THE RELATIONS BETWEEN THE SOVIET UNION AND THE FEDERAL REPUBLIC OF GERMANY. WHEREAS IN 1971, THE VOLUME OF MUTUAL PURCHASES AND SALES BETWEEN BOTH COUNTRIES AMOUNTED TO 2,900 MILLION MARKS, LAST YEAR IT TOPPED 8,000 MILLION MARKS (SOME 2,000 MILLION RUBLES). THE TRADE BETWEEN THE USSR AND THE FRG, WHICH IS BECOMING EVER MORE BALANCED, IS PROMOTED BY THE LONG-TERM PLAN FOR ECONOMIC, INDUSTRIAL AND TECHNICAL COOPERATION, WORKED OUT BY REPRESENTATIVES OF BOTH

COUNTRIES. SUCH AGREEMENTS, BY THE WAY, ARE A NEW TYPE OF CONTACTS BETWEEN COUNTRIES IN WHICH STATE BODIES PARTICIPATE TO A CONSIDERABLE EXTENT. THIS MAKES IT POSSIBLE NOT ONLY TO ELABORATE LONG-TERM PROJECTS FOR DEVELOPING TRADE AND TO LEND THEM STABILITY BUT ALSO TO POOL THE EFFORTS OF MANY FIRMS OF OUR PARTNER-COUNTRIES IN TRADE EXCHANGE, AND GIVES THEM THE NECESSARY GUARANTEES.

GREAT BRITAIN IS ALSO TAKING TO THE ROAD OF DEVELOPING BROAD ECONOMIC TIES WITH THE SOVIET UNION. THE RECENT MOSCOW VISIT OF PRIME MINISTER H. WILSON, THE UNDERSTANDING OF COMMON LONG-TERM INTERESTS DISPLAYED AT THE SUMMIT AND MUTUAL CONFIDENTIAL

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CONCERN FOR THE DESTINIES OF PEACE HAVE BROUGHT ABOUT BETTER RELATIONS BETWEEN OUR COUNTRIES, INCLUDING THE AGREEMENT OF BOOSTING ECONOMIC EXCHANGE. BRITAIN, A LONG-STANDING ECONOMIC PARTNER OF THE SOVIET UNION, IS NOW MAKING UP FOR WHAT SHE MISSED.

EXECUTIVES OF FIRMS AND COMPANIES WHICH ARE TRADING WITH THE SOVIET UNION, HAVE NEVER BEEN AND WILL NOT BE PHILANTHROPISTS. THEY SELL US AND BUY FROM US GOODS AND EXTEND CREDITS, CHIEFLY BECAUSE THIS IS PROFITABLE FOR THEM. THIS WAS THE CASE IN THE PAST WHEN OUR COUNTRY WAS MAKING ITS FIRST STEPS ON THE WAY OF INDUSTRIALISATION, THIS IS TRUE ALSO AT THE PRESENT TIME WHEN THE SOVIET UNION HAS BECOME A MIGHTY POWER. BUT THERE IS AN ESSENTIAL DIFFERENCE HERE. IT IS THAT NOW ONE CANNOT IMAGINE WORLD TRADE AND THE ECONOMIC MODEL OF THE WORLD WITHOUT THE SOVIET UNION AND THE SOCIALIST COUNTRIES WHICH HAVE ACHIEVED SPECTACULAR SUCCESSES IN ALL THE SPHERES OF CONSTRUCTION AND WHICH HAVE BECOME AN IMPORTANT FACTOR IN INTERNATIONAL ECONOMIC DEVELOPMENT.

THIS CAN BE GRAPHICALLY SEEN AGAINST THE BACKGROUND OF THE DEEP ECONOMIC CRISIS PLAGUING CAPITALISM. UNEMPLOYMENT, INFLATION, INDUSTRIAL SLUMP AND MONETARY UPHEAVALS TELL MOST OF ALL ON THE SITUATION OF THE WORKING PEOPLE. IN THESE CIRCUMSTANCES, FAR-SIGHTED STATESMEN IN THE WEST CANNOT BUT UNDERSTAND THAT THE EXPANSION OF ECONOMIC TIES WITH THE SOCIALIST COUNTRIES FOR A LONG PERIOD HELPS TO PRESERVE AND CREATE TENS OF THOUSANDS OF NEW JOBS. THE BRITISH PUBLIC, INCLUDING TRADE UNION LEADERS, WELCOMED THE CONCLUSION OF THE SOVIET-BRITISH AGREEMENT ON THE DEVELOPMENT OF ECONOMIC COOPERATION AS A OPPORTUNITY FOR EASING DIFFICULTIES EXPERIENCED BY THE COUNTRY.

IT IS WORTH NOTING AGAIN THAT THE AGREEMENTS WITH THE ABOVE COUNTRIES ARE CONCLUDED ON THE BASIS OF THE PRINCIPLE OF EQUALITY, EQUITABLE OPPORTUNITIES OF PARTNERS ADHERING TO DIFFERENT IDEOLOGICAL VIEWS.

SOVIET-AMERICAN TRADE IS GOING ON. IN THE PAST FEW

WEEKS ALONE A MAJOR TEXAS FIRM BOUGHT FROM US THE TECHNOLOGY
FOR UNDERGROUND COAL GASIFICATION. SOVIET ORGANISATIONS
PLACE ORDERS IN THE USA.
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BUT THE SCOPE OF SOVIET-US TRADE, HAVING GREAT PROSPECTS,
HAS BEEN ARTIFICIALLY NARROWED. NOW, SEVERAL MONTHS AFTER
THE PASSING OF THE TRADE ACT WITH THE AMENDMENTS OF SENATORS
JACKSON AND VANIK, WE CAN DRAW SOME CONCLUSIONS. ATTEMPTS OF
BRINGING PRESSURE TO BEAR ON THE SOVIET UNION HAVE FAILED.
SIGNIFICANTLY, THE US PRESS ASSESSES THIS EVENT PRECISELY
IN THIS WAY. THE FACT THAT THE SOVIET-US AGREEMENT ON TRADE
WAS TORPEDOED, IS OFTEN CALLED HERE "A STREET ACCIDENT" IN THE
CONTINUED PROCESS OF DETENTE. INCIDENTALLY, SENATOR JACKSON,
IF WE ARE TO BELIEVE PRESS REPORTS, NOW TAKES NO CREDIT FOR
HIS "ROUGH-HOUSING" TACTICS AND ITS RESULTS.

REPRESENTATIVES OF THE US ADMINISTRATION AND BUSINESS
CIRCLES DISPLAY INTEREST IN THE DEVELOPMENT OF SOVIET-US
TRADE. FOR INSTANCE, THIS WAS VOICED AT THE RECENT SEMINAR
SPONSORED BY THE US DEPARTMENT OF COMMERCE. ITS PARTICIPANTS
ALSO PAID ATTENTION TO THE FACT THAT OTHER WESTERN COUNTRIES
ARE OUTSTRIPPING THE US IN THE DEVELOPMENT OF TRADE WITH
THE SOVIET UNION AND ARE GAINING SUBSTANTIAL PROFITS FROM THIS.

THERE IS NO NEED TO BE A PROPHET TO PREDICT A CONSIDERABLE
GROWTH IN TRADE SIMULTANEOUSLY WITH STRENGTHENING DETENTE
AND MAKING IT IRREVERSIBLE. THIS IS THE AIM OF THE SOVIET
UNION AND OTHER COUNTRIES OF THE SOCIALIST COMMUNITY.

(SOVETSKAYA ROSSIA, MARCH 27. ABRIDGED.)

UNQUOTE.
BRUCE.

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